

Message Text

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R 081040Z JAN 76

FM AMEMBASSY ROME

TO SECSTATE WASHDC 5009

INFO AMCONSUL NAPLES UNN

UNCLAS ROME 0220

E.O. 11652: N/A

TAGS: BDIS, IT

SUBJECT: PROBLEMS OF AMERICAN SUBSIDIARY: HARRY'S MODA

FOR STATE AND COMMERCE

1. COUNSELOR GIUSEPPE SCAGLIA IN MINISTRY OF FOREIGN AFFAIRS ECONOMIC AFFAIRS DIRECTORATE GENERAL CALLED COMMERCIAL COUNSELOR JANUARY 5 TO ASK FOR ASSISTANCE IN CONTACTING MANAGEMENT OF HARRY'S MODA IN LECCE, REGION OF PUBLIE. SCAGLIA SAID COMPANY MANUFACTURES WEARING APPAREL, EMPLOYS 1900 WORKERS, AND IS BELIEVED OWNED BY AN AMERICAN, ONE JOHN KING. ACCORDING TO SCAGLIA, COMPANY-HAS BEEN PAYING BELOW MINIMUM WAGE RATE FOR SOME TIME WITH RESULT THAT, FOLLOWING AN EMPLOYEES' PROTEST, PLANT WAS OCCUPIED BY EMPLOYEES ON OR ABOUT DECEMBER 10. MINISTRY OF COMMERCE AND INDUSTRY HAS BEEN TRYING, UNSUCCESSFULLY, TO CONTACT OWNERS.

2. GEPI, PARASTATAL GOI ENTITY CHARGED WITH TAKING OVER FAILING COMPANIES, NEGOTIATED AGREEMENT WITH HARRY'S MODA IN NOVEMBER 1975 BEEFING UP COMPANY'S CAPITAL AND ASSUMING A MINORITY INTEREST. PAYMENT OF GEPI EQUITY INPUT WAS MADE IN NOVEMBER BUT CONDITIONED ON COMPANY MEETING MINIMUM WAGE CONDITIONS, INCLUDING PAYMENT OF 13TH MONTH BONUS. ACCORDING TO SCAGLIA THIS CONDITION WAS NOT MET. SCAGLIA ADDED THAT PRIME MINISTER MORO IS TAKING PERSONAL INTEREST IN OUTCOME OF DISPUTE.

3. COMCOUNSELOR INFORMED SCAGLIA THAT OUR CONGEN IN NAPLES HAD ALSO TRIED TO CONTACT MANAGEMENT BUT WITH NO SUCCESS OVER UNCLASSIFIED

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PAST SEVERAL MONTHS AFTER HEARING REPORTS OF COMPANY'S DIFFI-

CULTIES. FOLLOWING SCAGLIA'S CALL, CONGEN NAPLES WAS INSTRUCTED TO CONTACT MANAGEMENT AGAIN BUT, AS IN PAST, TO NO AVAIL.

4. ACCORDING TO OUR RECORDS, HARRY'S MODA WAS FOUNDED IN 1967 BY AVVOCATO ROBERTO MEMMO AND WAS PURCHASED IN 1971 BY BORDEN INC. INTERNATIONAL, 711 THIRD AVE., NEW YORK. LEGAL NAME IN ITALY IS APPARENTLY MEROK S.P.A.. ONE LETTER IN EMBASSY'S FILE DATED AUGUST 29, 1972 INDICATES THAT MR. TERENCE T. CREAL IS BORDEN EXECUTIVE CHARGED WITH CONTROL OF MEROK OPERATIONS. ON OTHER HAND, CONGEN NAPLES HAS HEARD THAT BORDEN INC. MAY HAVE GIVEN UP OWNERSHIP SOMETIME IN PAST THREE YEARS TO NEW YORK FIRM CALLED CUSTOMER COMPANY (NO ADDRESS OR FURTHER INDICATION AVAILABLE). OTHER RUMORS ARE TO EFFECT THAT ITALIAN FINANCIER MICHELE SINDONA HAS TAKEN OVER COMPANY.

5. /ACTION REQUESTED/. EMBASSY WOULD APPRECIATE IF DEPARTMENT, POSSIBLY THROUGH USDOC FIELD OFFICES IN NEW YORK WOULD CONTACT BORDEN INC. AND INFORM THEM OF PROBLEMS OF THEIR SUBSIDIARY, IF INDEED MEROK AND/OR HARRY'S MODA IS STILL A BORDEN SUBSIDIARY. IF BORDEN HAS GIVEN UP OWNERSHIP WE WOULD APPRECIATE INVESTIGATION OF ANY U.S. INTEREST IN COMPANY AT PRESENT. IF US INTEREST IS TRACED, PLEASE ASK COMPANY TO CONTACT EMBASSY IN ORDER THAT WE MAY USE OUR GOOD OFFICES WITH MFA, MINISTRY COMMERCE AND INDUSTRY, AND LOCAL COMPANY MANAGEMENT TO ASSIST IN EFFECTING A RESOLUTION OF COMPANY'S PROBLEMS.VOLPE

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